



ECONOMIC DEVELOPMENT PROGRAMS

CITY OF ROCHESTER
NEW YORK



COMMERCIAL, RETAIL AND ENTERTAINMENT BUSINESS ASSISTANCE PROGRAMS

BUSINESS ASSISTANCE PROGRAM

This program provides one-on-one technical assistance in a modular format to established retail and targeted consumer service businesses serving low/moderate income areas of the city of Rochester. Assistance is offered in the following categories:

- Accounting procedures and systems, tax practices review
- Computer hardware and software selection and use
- Operations evaluation
- Advertising programs and materials
- Store design and layout

The fee for this service is \$50. The City pays for the remainder of the services. A 50/50 matching grant is also available to assist businesses with the implementation of the consultant's recommendations. This grant is only available for advertising, computer implementation, and store layout and design.

NEIGHBORS SHOPPING NEIGHBORHOODS ADVERTISING PROGRAM

This program assists businesses within the city's low and moderate income areas to increase profitability by promoting their businesses. It provides matching grants of up to \$5,000 to businesses that are undertaking advertising campaigns. A business must complete the Business Assistance Program — Advertising Module and implement the plan recommendations.

COMMERCIAL EXTERIOR IMPROVEMENT PROGRAM

This initiative provides 90/10 matching grants of up to \$25,000 for commercial buildings in targeted, distressed commercial districts. Architectural services are also provided. This program also funds security cameras to help address safety issues affecting commercial businesses on selected commercial strips.

BUSINESS ASSOCIATION SUPPORT

This activity provides funds for organizational, advertising, promotion, and sidewalk cleanup activities to business associations.

ENTERTAINMENT DISTRICT SUPPORT

This activity provides organizational, promotional and advertising support for four entertainment areas: St. Paul Quarter, East End, High Falls and the Upper East End.



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CITY LOAN PROGRAMS

INDUSTRIAL LOAN FUND PROGRAM

This program assists manufacturing and industrial businesses which require short or long term loans for expansion projects. The assisted projects must result in the creation/retention of jobs and stimulate investment in the city. Loan amounts vary from \$25,000 to \$500,000.

COMMERCIAL LOAN FUND PROGRAM

This program assists businesses such as service, wholesale, retail, etc. that are located in or are moving into commercially zoned areas of the city. The fund provides short or long term loans for projects which result in creation/retention of jobs and will stimulate investment in the city. Loan amounts vary from \$25,000 to \$500,000.

SECTION 108 LOAN PROGRAM

This program, which is administered by the U.S. Department of Housing and Urban Development through the City of Rochester, assists eligible businesses with funding for fixed asset and working capital financing.

TARGETED BUSINESS ASSISTANCE PROGRAM

This program assists targeted small businesses that have barriers to capital which is necessary for growth in terms of jobs, investment and development in Rochester. This program will address the needs of targeted businesses in the following ways:

- Prepare and strengthen the management of the business (where needed) through pre- and post-financing services. These services will include skills training, business development assistance and performance monitoring.
- Provide capital for real estate purchases, rehabilitation of existing buildings, construction of new or expanded buildings, machinery and equipment and working capital.
- Subsidize interest expense to make conventional financing affordable if necessary.



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PRE-DEVELOPMENT MATCHING GRANT PROGRAM

This program provides matching grants of up to \$25,000 to established firms and developers who undertake environmental investigations, for architectural, engineering or market feasibility studies necessary to quantify the redevelopment costs of brownfield sites within the city of Rochester. All potentially contaminated sites are eligible if they are industrial or large commercial projects that meet the City's economic development goals. Priority may be given to projects located in areas of the city where significant public investment has taken place and in areas that the City has targeted for revitalization studies and loan activities.

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JOB GROWTH CREDIT PROGRAM

This program is designed to encourage the hiring of city residents by providing credits which can be used to reduce the annual principal and interest payments on City loans for industrial and commercial expansion projects. The program can be used to reduce these payments on a City loan for a maximum term of 10 years. The participant must create at least 20 new full time jobs as a result of its expansion project in order to qualify to receive the full benefits of this program.

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INDUSTRIAL BUILDING RENOVATION PROGRAM

This program provides matching grants of up to \$30,000 to manufacturing businesses, both property owners and tenants, toward the cost of permanent building renovations and/or site improvements. The program is available within an industrially zoned area of the city and the funds may be used to make interior and exterior improvements to the property.

Eligibility will be based on the extent to which the project leverages private funds and retains or creates jobs.

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NEW YORK STATE EMPIRE ZONE (EZ) PROGRAM

The Empire Zone (EZ) offers special incentives to promote the development of new businesses, the expansion of existing businesses and the development of human resources within the established boundaries of the zone. The EZ Program offers new and expanding businesses a variety of tax incentives and utility discounts to qualified businesses in the zone. To be eligible for program benefits, businesses must be located within the boundaries of the zone and commit to create new jobs and new investment in the Empire Zone. Many benefits require certification from New York State.

EZ benefits include:

WAGE TAX CREDIT

- A NYS Income tax credit
- Available for up to five consecutive years
- Available for hiring full-time employees in newly created jobs
- Up to \$3,000 per year per new job filled by a targeted employee
- Up to \$1,500 for other new hires

INVESTMENT TAX CREDIT

- A NYS Income tax credit
- For qualified EZ manufacturing, R&D and investment firms who make qualified investments in the zone
- 10% for business corporations (C-Corps)
- 8% for individuals, sole proprietors, partnerships or S-Corps
- Businesses that are new to NYS are eligible for a 50% cash refund of any unused WTC and ITC amounts.

EMPLOYMENT INCENTIVE CREDIT

- An additional 3% income tax credit (EIC) is allowed for each of the three years following the taxable years immediately following the taxable year that the ITC was allowed provided certain employment requirements are met.

485-e PROPERTY TAX ABATEMENT

- Provides for a reduction in the taxable assessment based upon physical renovation or new construction within the zone
- Spread over a ten-year schedule

- 100% exempt in the first seven years
- 25% per year thereafter

SALES TAX REFUND

- 8% refund of sales tax on purchases of building materials used in commercial and industrial improvement projects within the zone

ZONE CAPITAL CREDIT

- A NYS income tax credit
- Available for qualified pre-approved investments in Zone Capital Corporation, OR
- A direct equity investment in a certified EZ business, OR
- A contribution in a pre-approved community development project within the zone
- Credit is equal to 25% of the eligible investment or contribution

THE REAL PROPERTY TAX CREDIT

- A refundable NYS income tax credit
- Computed on a formula based on the number of new jobs created and real property taxes paid in the zone
- Available for a 14-year period
- After 10 years, credit decreases by 20% in each year thereafter

TAX REDUCTION CREDIT

- A NYS income tax credit
- Computed on a formula based on the number of new jobs created in the zone, the company's assets in the zone and in the state, and income taxes owed by the company
- Available for a 14-year period
- After 10 years, credit decreases by 20% in each year thereafter

SALES TAX EXEMPTION

- 4% NYS sales and use tax exemption
- For tangible personal property and services sold to qualified EZ businesses
- Property/services must be used predominately in the EZ

An employment test must be met both in and out of the zone on an annual basis in order to qualify for the new EZ benefits.

For complete information about the EZ in the City of Rochester, or to apply to become a qualified business, call the Zone Coordinator at (585)428-6853.

RENEWAL COMMUNITY ZONE PROGRAM

The City of Rochester has been designated a Renewal Community through December 31, 2009. The RC initiative helps residents gain employment, succeed in their jobs, and become economically self-sufficient.

Renewal Community Tax Incentives include:

- **Renewal Community Employment Credit (RC Wage Credit):** Credit against Federal taxes of up to \$1,500 during each year of RC designation for all existing employees and every new hire living in the RC.
- **Work Opportunity Tax Credit (WOTC):** Credit of up to \$2,400 against Federal taxes for businesses for each new hire from groups that have high unemployment rates or other special employment needs, including youth ages 18 to 24 and summer hires ages 16 to 17 who live in an RC.
- **Welfare to Work (WtW) Credit:** Two-year credit against Federal taxes for businesses that hire long term family assistance recipients. Credits of up to \$3,500 in the first year and \$5,000 in the second year for each new hire.
- **Indian Employment Credit:** Credit against Federal taxes calculated on wages of up to \$20,000 for each qualified employee.
- **Increased Section 179 Deduction:** Allows a business to claim an increased Section 179 deduction (up to \$35,000) if it qualifies as a Renewal Community business. This can be claimed on property such as equipment and machinery.
- **Commercial Revitalization Deduction:** Deduction of either one-half of qualified revitalization expenditures (QREs) in the first year a building is placed in service or all QREs on a prorated basis over 10 years if

QREs have been allocated to revitalization of a commercial building located in an RC.

- **Environmental Cleanup Cost Deduction (Brownfields):** Businesses can elect to deduct qualified cleanup costs of hazardous substances in certain areas (Brownfields) in the tax year the business pays or incurs the costs.
- **Depreciation of Property Used on Indian Reservations:** Special accelerated depreciation rules apply to qualified property placed in service on an Indian reservation after 1993.
- **Qualified Zone Academy Bonds(QZABs):** State or local governments can issue bonds at 0% interest cost to them to finance public school programs with private business partnerships. Private businesses must contribute money, equipment, or services equal to 10% of bond proceeds (which may qualify as a charitable contribution). The Federal Government pays interest in the form of tax credit to banks, insurance companies, and certain lending corporations that hold QZABs.
- **Zero Percent Capital Gains Rate:** The holder, for a minimum of 5 years, of an RC asset acquired between January 1, 2002 and December 31, 2009, will not have to include in its gross income any qualified capital gain from the sale or exchange of the asset.
- **New Markets Tax Credit:** Equity investors in qualified Community Development Entities (CDEs) can obtain a tax credit against Federal taxes of 5 to 6 percent of the amount invested for each of the years the investment is held, for up to 7 years of the credit period.
- **Low-Income Housing Tax Credit (LIHTC):** Ten year credit against Federal taxes for owners of newly constructed or renovated rental housing that set aside a specified percentage of units for low-income persons for a minimum of 15 years. The credit varies for new construction and renovation.

ADDITIONAL LOAN PROGRAMS

ROCHESTER ECONOMIC DEVELOPMENT CORPORATION (REDCO) LOAN FUND

This program provides loans of \$25,000 to \$200,000 to assist private sector job creation for industrial businesses located in the city of Rochester. Loans are available for equipment, real estate and working capital.

SBA 504 LOAN PROGRAM

This program gives small business owners access to fixed-rate, long-term financing. In a typical 504 loan package, at least 10% of the project's financing comes from borrower equity, 50% from a private sector lender, and the remaining share from the sale of debentures guaranteed by the SBA. The assisted projects must result in the creation/retention of jobs. The 504 program provides financing for real estate projects or acquisition of machinery and equipment.

IBERO-AMERICAN INVESTORS CORPORATION (IAIC) PROGRAM

This program provides a variety of assistance to a diverse client base that includes small firms, owned by minority business entrepreneurs who provide a range of unique products and services. Whether for expansion or initial start-up, minority owned businesses will find the Ibero-American Investors Corporation (IAIC) ready to assist by providing resources

that empower them to be part of the economic mainstream. IAIC provides:

- Loans from \$10,000 to \$500,000
- Equity investments
- Debentures with convertible features
- Loan guarantees
- Management and technical assistance
- Financial assistance packaging services are custom-designed to meet individual business needs.

TRIPOD

This program's purpose is to promote micro-enterprise business development. A neighborhood-based micro loan program combined with training is offered to residents in NBN sectors 3,4,9 and 10. Loans of up to \$10,000 are available.

SBA LOAN PARTICIPATION PROGRAM

This program provides financial assistance to businesses for real estate, equipment, working capital and other business purposes. Under the program, a bank provides financing under the SBA 7A loan guarantee program. The City of Rochester provides funds through participation in the bank loan.



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BROWNFIELDS ASSISTANCE PROGRAM

Through this program, prospective purchasers or sellers of industrial and commercial properties can use public resources to investigate environmental conditions at sites as part of their early feasibility analysis. Private parties can reduce their up-front costs and environmental risks. The applicant's share of investigation costs will be one dollar for every two dollars of City funds. Total project costs will be a maximum of \$75,000. The program will provide up to \$50,000 for developers who want to undertake environmental investigations to quantify the redevelopment costs of brownfields sites.

The city will cover the entire cost if, based on environmental conditions, a decision is made not to proceed with the development project.

The Brownfields Assistance Program may be used for Phase I environmental site assessments, Phase II investigations, subsoil and geotechnical investigations, feasibility analyses, concept plans for site reuse and the legal costs associated with negotiating voluntary investigation or clean up agreements.

Yes!

I want to learn more
about the
CITY OF ROCHESTER'S
LOANS, SERVICES
AND GRANTS.

BUSINESS NAME

CONTACT PERSON

ADDRESS

CITY

STATE

ZIP

PHONE

FAX

E-MAIL

BUSINESS TYPE: (CHECK ONE)

☐ MANUFACTURING

☐ SERVICE

☐ RETAIL